

Attracting and Retaining The Right Talent: Brexitween, Trick Or Treat For SMEs?

By Bertha Dzifa Kumodji, PhD Student at Centre for Brexit Studies

In the current era, facing volatile market environments, globalisation and ever-increasing international competitiveness, the complex market forces of demand and supply have led organisations to attempt to maintain an international flow of talent. A talented workforce is the key to success for many organisations.

Three years on and it doesn't seem like much has changed. Brexit – that most controversial talked about subject – has shaken the world economy and is becoming a reality. Irrespective of the wider debates on the referendum, the question mark is on the current relationship between the UK and EU. The never ending debate over Brexit has unleashed a flurry of emotion amongst the country at large and business owners in the UK and beyond are not immune. More generally, it appears the UK Government is no closer to establishing what the post-Brexit future is going to look like.

This has introduced additional confusion into the business environment and affected the readiness to drive operations. Quite aside from tariffs, trade deals and new laws, increased uncertainty for businesses has also raised questions as to how the future relationship will affect talent attraction and retention. This has been on the minds of employers as well as EU nationals. Many in UK SMEs fear being thrown into a state of chaos.

The UK's stalled talks with the EU are a continuing source of uncertainty for businesses. Organisations are making decisions on how to manage the turmoil that this world event might generate, as no one really knows what it will actually mean in practice. This has caused many organisations, including SMEs, to delay important projects. In some cases they have even stopped certain HR and talent management practices.

Airbus, one of the world's largest aerospace manufacturers, rolled out its contingency plans in mid-July 2018 after the Brexit White Paper failed to reveal a clear picture as to how the country would handle future trade with the EU. Part of that strategy includes stockpiling parts for production which that would otherwise arrive only when strictly necessary (“just-in-time”) – a sure sign that the business feels its day-to-day operations, either physically or financially, are at stake^[1]. Tom Enders, CEO at Airbus, commented: “We are now activating contingency plans which largely focus on building some buffers [...] so we should be able to mitigate the effects for a short period”.

Brexit might seem like a vote about nationality, but ultimately it comes down to people, and how they fit into the new political reality. In the wake of political unpredictability and constant Brexit deal rejections, it has fallen to HR Leaders to develop a strategy to find, attract and retain the best talent while the new Brexit deadline (i.e. Brexitween – 31st October, 2019) draws near.

Whether the negotiations will end up with a deal or no deal – a trick or treat – it is clear now that the outcome poses the biggest talent management risk for businesses in the UK today. Brexit is a highly emotive topic with little room for facts. But one thing the country can agree on is that: Brexit is making it more difficult to source talent.

The competition for the right talent is already high and the SME sector is struggling to attract and keep their employees. EU nationals play a sizeable role in the UK labour market and key sectors including manufacturing, leisure and care have always been subject to competitive hiring markets. Roughly 3.4 million people in the workforce in 2016 were migrants – either from the EU or elsewhere in the world. Nearly 8 percent of manufacturing sector employees were from the EU, and almost 670,000 non-UK nationals were employed in occupations like distribution or manual labour^[2].

According to the EEF, the UK association for manufacturers, nearly half of its surveyed members are concerned about access to skills due to Brexit and seventeen percent (17%) report a slowdown in job applications by EU citizens^[3]. With Brexit's uncertainty impacting on immigrants in the U.K., some industries in the SME sector are becoming concerned. Healthcare sector leaders warned that a no-

deal scenario could trigger a national disaster because so many workers are foreign-born. For instance, one-third of care providers in London are EU nationals, and the country currently relies on EU members to provide a steady pipeline of nurses, health aides and other workers. A no-deal Brexit could lead to a disruption to that supply chain.

Similarly, a survey conducted by the Construction Industry Training Board showed that nearly half of UK construction firms are already anticipating recruitment to become more difficult due to Brexit, especially for skilled workers. As a result, many are focusing on retaining existing workers rather than investing in greater recruitment capabilities[4].

While the final terms of Brexit are still to be decided, SME HR Leaders cannot stand still waiting for the final agreement before addressing the likely impact on talent management within their organisations. The true impact of Brexit is difficult to predict, as it's difficult to design organisational blueprints when you can't see the lay of the land. However, we can be sure that the companies who lay the groundwork and take pre-emptive steps will be best placed to take advantage when the smoke clears.

SMEs should place finding and retaining talent from the continent at the top of their agenda to settle the ship. The Brexit ripple may be wider than we expect but HR in SMEs can think about their future workforce planning, establishing strong, uniform and convincing company policy on employment post-Brexit. They need to start identifying the gaps that may appear in finding the best talent for business and measures to address them.

Brexit is coming and employees may need extra reassurance about the uncertainty that we are in. The key to this is to be an employer of choice, build social presence and brand itself in order to be an attractive place to be. At this stage, being inclusive and not exclusive could just be what is needed to instil reassurance and confidence among its workforce. There is no denying that there might be a significant challenge in attracting and retaining the best talents in the UK post-Brexit.

However, for all the challenges that Brexit may bring, what is important is how SMEs react to them, and the difference between thriving and standing out is resilience. Most importantly, they need to keep up to date with events and be familiar with the multiple scenarios that could accompany a “hard” or “soft” Brexit. Knowing what they’re potentially facing is the only way to be truly prepared for the fallout of the negotiations.

In conclusion, the way forward for SMEs at this moment is to be proactive, positive and look ahead in order to maintain a pool of high-level employees. What SMEs can do now is to think about how they will grow their talent in-house and to what extent they need to increase this activity in the coming few years.

[1] <https://www.reuters.com/article/us-britain-airshow-airbus/airbus-says-activating-brexit-contingency-plans-as-uk-strategy-unraveling-idUSKBN1K81HI>

[2] <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/articles/migrationandthelabourmarketuk/2016>

[3] <https://www.eef.org.uk/resources-and-knowledge/research-and-intelligence/industry-reports/navigating-brexit-the-migration-minefield>

[4] <https://www.independent.co.uk/news/business/news/brexit-impact-construction-firms-skills-shortage-recruitment-training-citb-a8435246.html>